

FOREWORD

These claiming instructions are issued to help claimants prepare paper and/or electronic claims for submission to the State Controller's Office (SCO). These instructions are based upon SCO's interpretation of the State of California statutes, regulations, and the parameters and guidelines (P's & G's) adopted by the Commission on State Mandates (CSM). Since each mandate is administered separately, it is important to refer to the P's and G's for each program for information relating to established policies, procedures, and eligible reimbursable costs. Some of the key issues in this manual, statutory changes effective January 31, 2008, and updated information on the SCO's adopted Time Study Guidelines are highlighted below:

Electronic Filing and Email Distribution Lists

Mandated cost claims can be filed on paper as they have been in the past or filed electronically using the Local Government e-Claims (LGeC) system. In order to use the LGeC system you must obtain a user ID and password for each person who will require access to the LGeC system. To obtain a User ID and password you must file an application from the LGeC website, complete the application and mail it to the State Controller's Office with original signatures... When the SCO processes the application, the applicants will be contacted and issued a User ID and password that will provide access to the LGeC system.

You may also want to subscribe to one or more email distribution list to automatically receive comprehensive and timely information regarding Mandated Cost claims, (paper and electronic) test claims, receipts, payments, guidelines, electronic claims, and other news and updates.

You can find more information about LGeC and the email distribution lists in Section 2: *Electronic Filing: Local Government e-Claims (LGeC)* in this manual and at the LGeC website located at <http://www.sco.ard/local/lgec/index.shtml>. This website provides access to the LGeC system, an application for user ID's and passwords, an instructional guide, FAQs and additional help files.

Indirect Cost Rates

A CCD may claim indirect costs using the Controller's methodology (FAM-29C), or if specifically allowed by a mandated cost program's P's & G's, a district may choose to claim indirect costs using either (1) a federally approved rate prepared in accordance with the Office of Management and Budget (OMB) Circular A-21, *Cost Principles for Educational Institutions*; or (2) a flat 7% rate. The FAM-29C indirect cost rate and the flat 7% indirect cost rate are applied to *Salaries and Benefits Only*, whereas the federally approved rate is applied to the allocation base used in developing the federally approved rate.

In order for a claim to be considered properly filed, it must include documentation to support the indirect cost rate, such as a copy of the SCO's FAM-29C or, if specifically allowed by the program's P's and G's, the supporting documentation for the Office of Management and Budget (OBM) Federally Approved Rate. An indirect cost rate of 7% or less does not require any documentation.

If indirect costs are calculated using the OMB Circular A-21 methodology with a base other than *Salaries and Benefits Only*, the claim cannot be filed using the Local Government e-Claims system as LGeC does not support cost bases other than *Salaries and Benefits Only*. Instead, these claims must be filed manually using paper forms, unless the following exception applies.

If indirect costs are calculated using the OMB Circular A-21 methodology using *Salaries and Benefits Only* in the base, then the claims can be filed using either the LGeC system or the manual paper process. In these cases, the indirect cost rate is calculated in accordance with the chosen methodology and keyed into the mandated cost form on the appropriate line (usually Form 1, line (06)), *Indirect Cost Rate*. The LGeC system will apply that rate to *Salaries and Benefits Only* (usually Form 1, line (5)(a)) to arrive at the total indirect costs (usually Form 1, line (7)). If the rate is applied to anything other than *Salaries and Benefits Only*, then the claim must be filed manually using paper forms.

A full discussion of the indirect cost methods available to school districts and county superintendents of schools is located in Section 9 of this manual.

Supporting Documentation

Actual costs must also be supported with sufficient documentation; however, this documentation is no longer required to be submitted with the claim. Instead, those records must be kept on hand and made available to the SCO upon request. Additional information is located in *Section 8, Direct Costs, Section 14, Source Documents, and Section 17, Retention of Claim Records and Supporting Documentation*, of this manual.

Charter Schools

The CSM adopted the Charter School III statement of decision on May 25, 2006. The CSM stated that a "...charter school is voluntarily participating in the charter program at issue" and that a charter school is not a school district under GC 17519 and therefore is not eligible to claim reimbursement under GC Section 17560. This means charter school costs are not reimbursable either directly or through a third party (i.e., a school district or superintendent of schools).

Health Fee Elimination Program

Individual colleges cannot file claims using the Health Fee Elimination program, as the only eligible claimants are the Community College Districts.

The following are important provisions of statutory changes effective January 1, 2007, and updated information on the SCO's adopted Time Study Guidelines.

AB 8 Chapter 6, Statutes of 2008

1. Pursuant to GC Section 17560, reimbursement claims detailing the costs actually incurred in the 2007-08 fiscal year must be filed with SCO and be delivered or postmarked on or before February 17, 2009. If the filing deadline falls on a weekend or holiday, the filing deadline will be the next business day. Since February 15th falls on a weekend in 2009, claims will be accepted without penalty if postmarked or delivered on before February 17th, 2009. Claims filed after the deadline will be reduced by a late penalty of 10%, not to exceed \$10,000. Claims filed more than one year after the deadline will not be accepted by the SCO.
2. Pursuant to GC Section 17561(d), the Controller shall pay any eligible claim by August 15 or 45 days after the date the appropriation for the claim is effective, whichever is later.

AB 8 Chapter 6, Statutes of 2008

1. Pursuant to AB 8, Chapter 6, Statutes of 2008, the option to file estimated claims has been eliminated. Therefore, estimated claims filed on or after February 16, 2008, will not be accepted by the SCO.

Time Study Guidelines

The SCO has amended the Time Study Guidelines to expand the application of time study results. The results may be projected forward a maximum of two years or applied retroactively to initial claims, current year claims, and late filed claims, provided certain criteria are met. The amended Time Study Guidelines are included in Section 9 of this manual.

If you have any questions concerning the enclosed material, write to the address below or call the Local Reimbursements Section at (916) 324-5729, or email to lrsdar@sco.ca.gov.

State Controller's Office
Attn: Local Reimbursements Section
Division of Accounting and Reporting
P.O. Box 942850
Sacramento, CA 94250

Prepared by the State Controller's Office
Revised February 2009